

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

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**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

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**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

OFFICIALS

Name	Title	Term Expires
-----	-----	-----
Board of Education (Before September 2009 Election)		
Gary Griebel	President	2009
Kevin Lundin	Vice President	2011
Janet Sieverding	Board Member	2011
Martha Henning	Board Member	2011
Curt Hammond	Board Member	2009

Board of Education
(After September 2009 Election)

Gary Griebel	President	2013
Kevin Lundin	Vice President	2011
Curt Hammond	Board Member	2013
Janet Sieverding	Board Member	2011
Martha Montgomery-Henning	Board Member	2011

School Officials

Mike Healy	Superintendent	2010
Penny Medinger	District Secretary/Treasurer	2010
Ahlers & Cooney, P.C.	Attorney	2010

O'CONNOR, BROOKS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

W.H. LEGLAR, CPA
S.J. DOMEYER, CPA
M.A. KUEPERS, CPA
J.W. HANNAN, CPA
M.P. RUGGEBERG, CPA
P.C. MCCARTHY, CPA
E.A. SCHILLING, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Bellevue Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Bellevue Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

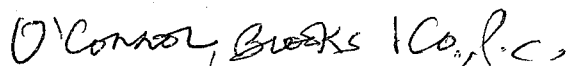
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bellevue Community School District at June 30, 2010 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 18, 2011, on our consideration of Bellevue Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, budgetary comparison information, and the schedule of funding progress for the retiree health plan are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bellevue Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2009 and for the five years ended June 30, 2007 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'CONNOR, BROOKS & CO., P.C.



Dubuque, Iowa
March 18, 2011

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bellevue Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- General Fund revenues decreased from \$6,036,466 in fiscal 2009 to \$5,979,561 in fiscal 2010, for a total decrease of \$56,905. Revenues from property tax increased \$124,287, revenues from tuition (open enrollment, special education, preschool) decreased \$5,127, other local revenues decreased \$32,374; revenues from intermediate sources increased \$7,525; revenues from state sources decreased \$433,343; while revenues from federal sources increased \$282,127. State decreases were due to the Governor's 10% across the board cut. Federal increases were due in part to the "American Recovery and Reinvestment Act" or "ARRA". This was economic stimulus funding handed out by the federal government.
- General Fund expenditures decreased slightly from \$5,881,442 in fiscal 2009 to \$5,877,273 in fiscal 2010, a total decrease of \$4,169.
- The District's General Fund balance increased from \$880,443 in fiscal 2009 to \$982,731 in fiscal 2010, an 11% increase from the prior year.
- The District's total tax levy rate for FY10 increased by \$0.15. The General Fund tax rate increased by \$0.28 mainly due to the 4% allowable growth set by the legislature. The Management levy was increased by \$0.02. The PPEL levy was decreased from the full \$1.34 to \$1.20 with a 4% income surtax that resulted in a tax decrease of \$0.15 to offset the General Fund Levy increase.
- The state authorized a 4% increase in new monies for school districts in FY10, but due to a decrease in enrollment (620.7 in FY09 to 601.9 in FY10) the Bellevue School District only realized a 1% increase.
- The State issued a 10% across the board cut in the spring of 2010 which resulted in a \$296,940 loss of cash to the school district.
- FY10 was the first year of the 4-year-old preschool being funded by the State of Iowa.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this Section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide both short-term and long-term information about the District's overall financial status.
- The Fund Financial Statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The governmental funds statements explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending. The proprietary fund statements offer short-term and long-term financial information about the activities the District operates like a business, such as food services. The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the Statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the financial statements with a comparison of the District's budget for the year. Other Supplementary Information provides detailed information about the nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

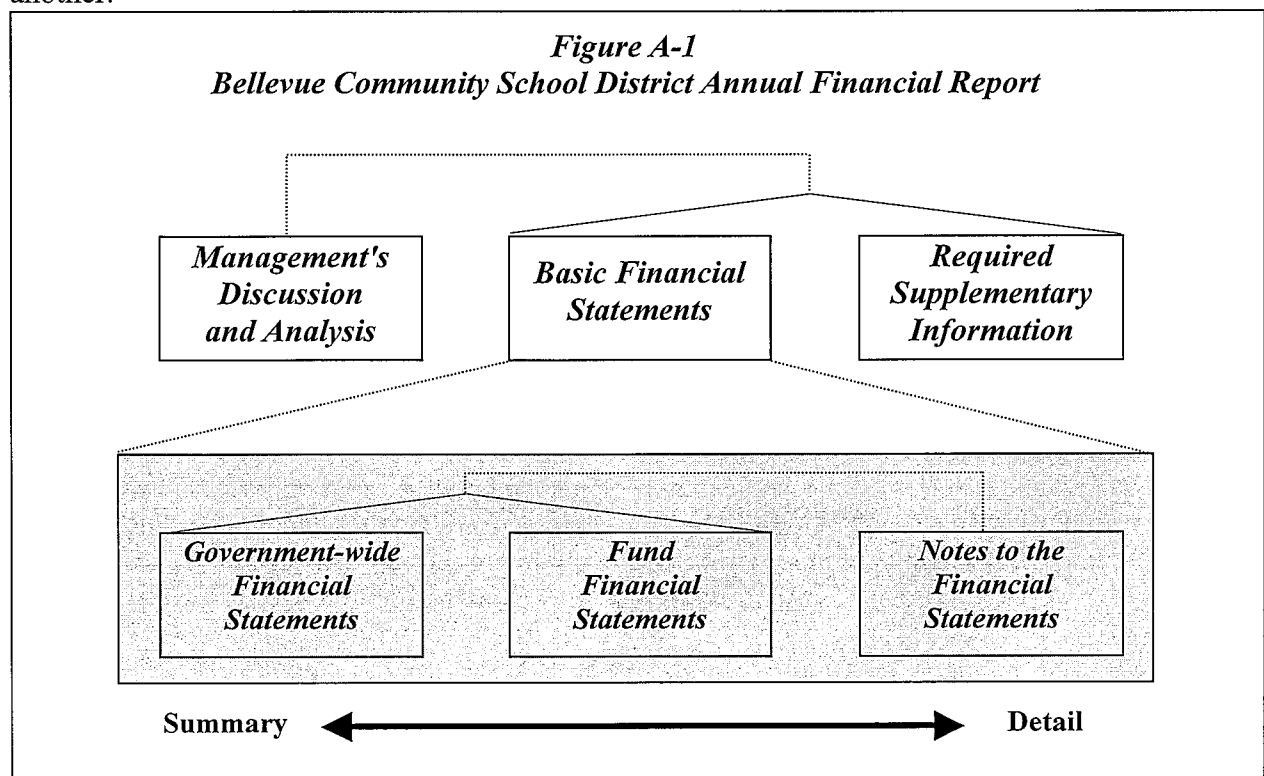


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

<p align="center">Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</p>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as the Big East Conference
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

Internal service funds, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Agency funds.

Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures. The District currently maintains agency funds for the Big East Conference and the Community Partnership for the Protection of Children.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Financial Analysis of the District as a Whole

Figure A-3 provides a summary of the District's net assets for the year ended June 30, 2010 compared to June 30, 2009.

Figure A-3							
Condensed Statement of Net Assets							
	Governmental Activities June 30,		Business Type Activities June 30,		Total School District June 30,		Total Change June 30, 2009-2010
	2009	2010	2009	2010	2009	2010	
Current and other assets	\$5,019,618	\$ 7,419,914	\$ 46,753	\$ 52,331	\$5,066,371	\$ 7,472,245	47.4%
Capital assets	2,993,999	6,895,940	5,250	6,323	2,999,249	6,902,263	130.1%
Total Assets	<u>\$8,013,617</u>	<u>\$14,315,854</u>	<u>\$ 52,003</u>	<u>\$ 58,654</u>	<u>\$8,065,620</u>	<u>\$14,374,508</u>	<u>78.2%</u>
Long-term liabilities	\$ 287,344	\$ 4,997,425	\$ -	\$ 626	\$ 287,344	\$ 4,998,051	1,639.3%
Other liabilities	2,967,219	4,012,160	18,361	21,806	2,985,580	4,033,966	35.0%
Total Liabilities	<u>\$3,254,563</u>	<u>\$ 9,009,585</u>	<u>\$ 18,361</u>	<u>\$ 22,432</u>	<u>\$3,272,924</u>	<u>\$ 9,032,017</u>	<u>175.9%</u>
Net Assets:							
Invested in capital assets,							
net of related debt	\$2,733,999	\$ 3,265,400	\$ 5,250	\$ 6,323	\$2,739,249	\$ 3,271,723	19.4 %
Restricted	1,087,802	2,500,753	-	-	1,087,802	2,500,753	129.8%
Unrestricted	937,253	(459,884)	28,392	29,899	965,645	(429,985)	-144.5%
Total Net Assets	<u>\$4,759,054</u>	<u>\$ 5,306,269</u>	<u>\$ 33,642</u>	<u>\$ 36,222</u>	<u>\$4,792,696</u>	<u>\$ 5,342,491</u>	<u>11.4%</u>

The District's total net assets increased by 11.4% to \$5,342,491. The major capital asset additions in 2009-2010 were laptop computers for each junior, senior and teacher, new football bleachers, athletic field fencing, storage shed, walk-in cooler and freezer.

The District paid off the bonds for the 2002 Middle School Addition from the Local Option Sales Tax dollars. A new \$4,800,000 bond issue from the Local Option Sales Tax dollars was established for the multi-purpose room and commons area addition/remodel. The 1:1 laptop initiative was funded by a 4-year lease/purchase arrangement with Apple. An additional long-term liability for retired administrators' health insurance is incurred each year.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$1,413,000 from the prior year mainly due to the Capital Projects fund balance containing the unexpended portion of the \$4,800,000 bond issue at year end.

Unrestricted net assets are assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

Figure A-4 shows the changes in net assets for the year ended June 30, 2010.

Figure A-4							
Changes in Net Assets from Operating Results							
	Governmental Activities		Business Type Activities		Total School District		Percentage Change
	2009	2010	2009	2010	2009	2010	
Revenues:							
Program revenues:							
Charges for services	\$ 550,645	\$ 570,930	\$ 149,973	\$ 151,327	\$ 700,618	\$ 722,257	3.1%
Operating grants, contributions and restricted interest	1,110,938	1,499,845	91,486	104,054	1,202,424	1,603,899	33.3%
Capital grants, contributions and restricted interest	9,330	11,000	-	-	9,330	11,000	17.8%
General revenues:							
Property taxes and other taxes	2,740,043	2,853,325	-	-	2,740,043	2,853,325	4.1%
Unrestricted state grants	2,515,927	1,973,920	-	-	2,515,927	1,973,920	-21.5%
Other	107,893	76,555	44	641	107,937	77,196	-28.4%
Total Revenues	\$7,034,776	\$6,985,575	\$ 241,503	\$ 256,022	\$7,276,279	\$ 7,241,597	-5%
Expenses:							
Governmental activities:							
Instruction	\$4,045,059	\$ 4,016,371	\$ -	\$ -	\$ 4,045,059	\$ 4,016,371	-7%
Support services	2,036,509	2,012,705	-	-	2,036,509	2,012,705	-1.1%
Non-instructional programs	5,276	32,831	245,023	253,442	250,299	286,273	14.3%
Other expenses	394,789	376,453	-	-	394,789	376,453	-4.7%
Total Expenses	\$6,481,633	\$ 6,438,360	\$ 245,023	\$ 253,442	\$ 6,726,656	\$ 6,691,802	-5%
Change in Net Assets	\$ 553,143	\$ 547,215	\$ (3,520)	\$ 2,580	\$ 549,623	\$ 549,795	.1%

As shown in figure A-4, net assets increased by \$549,795 in 2009-2010. Property and other taxes and unrestricted state aid account for 70% of the total revenue in governmental activities. While charges for services and operating grants accounted for almost 100% of the revenue in the business type activities.

The District's expenses primarily relate to instruction and support services, which account for 94% of the total expenses in the governmental funds.

Governmental Activities

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5

	Net Cost of Governmental Activities					
	Total Cost		Percentage	Net Cost		Percentage
	of Services		Change	of Services		Change
	2009	2010	2009-2010	2009	2010	2009-2010
Instruction	\$ 4,045,059	\$ 4,016,371	-7 %	\$ 2,733,224	\$ 2,300,426	-15.8%
Support services	2,036,509	2,012,705	-1.1 %	1,930,970	1,918,274	-.6%
Non-instructional programs	5,276	32,831	522.2%	5,276	32,831	522.2%
Other expenses	394,789	376,453	-4.7%	141,250	105,054	-25.9%
Total	\$ 6,481,633	\$ 6,438,360	-6 %	\$ 4,810,720	\$ 4,356,585	-9.4%

- The cost financed by users of the District's programs was \$570,930.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,510,845.
- The net cost of governmental activities was financed with \$2,853,325 in various taxes, \$1,973,920 in state foundation aid and \$76,555 in miscellaneous income.

Business Type Activities

Revenues of the District's business type activities were \$256,022 and expenses were \$253,442. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

As previously noted, the Bellevue Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,212,476, above last year's ending fund balances of \$1,924,025 due to the Capital Projects fund balance containing the unexpended portion of the \$4,800,000 bond issue at year end.

Governmental Fund Highlights

- In the District's General Fund, revenues decreased and expenditures decreased resulting in a \$102,288 or 11% increase in fund balance. The tax rate between the two years for the general fund increased by \$0.28 per thousand.
- The Activity Fund ending balance increased in 2009-2010 by \$2,000.
- The Management Fund balance increased from \$188,982 to \$220,005 mainly due to not offering an early retirement incentive in FY10.
- The PPEL Fund balance decreased by \$102,153 to \$141,092.
- The Capital Projects Fund balance increased by \$1,255,582 to \$1,780,274.

Proprietary Fund Highlights

- The School Nutrition Fund net assets increased from \$33,642 at June 30, 2009 to \$36,222 at June 30, 2010.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District made one amendment to its annual operating budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on the following pages.

Legal Budgetary Highlights

The District's total actual revenues were approximately \$531,000 less than the total budgeted revenues, a variance of 6.8% mostly due to the State's 10% across the board cut.

Total expenditures were \$4 million less than budgeted due primarily to the District's practice to budget expenditures at the maximum authorized spending authority for each fund to avoid the time and expense of amending the budget. The District then manages or controls spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year as it did in 2009-2010.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2010, the District had invested \$6.9 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 130.1% from last year because of the construction in progress on the multi-purpose room and commons area addition/remodel. Depreciation expense for the year exceeded \$298,000.

The original cost of the District's capital assets was over \$11 million. Governmental funds account for over 99% of these assets with less than 1% in the Proprietary, School Nutrition Fund.

Capital assets added to the district's inventory during the year included.

Figure A-6

	Capital Assets, Net of Depreciation						
	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	2009	2010	2009	2010	2009	2010	2009-2010
Land	\$ 29,200	\$ 29,200	\$ -	\$ -	\$ 29,200	\$ 29,200	0.00 %
Construction in progress	-	3,442,948	-	-	-	3,442,948	-
Buildings	1,979,178	2,038,554	-	-	1,979,178	2,038,554	3.00 %
Improvements other than buildings	262,617	439,035	-	-	262,617	439,035	67.10 %
Equipment & furniture	723,004	946,203	5,250	6,323	728,254	952,526	30.70 %
Total	\$2,993,999	\$6,895,940	\$ 5,250	\$ 6,323	\$2,999,249	\$ 6,902,263	130.10 %

Long-Term Debt

At June 30, 2010, the District had \$4,830,000 in revenue bonds outstanding. This represents an increase of approximately 1,858% from last year. (See Figure A-7) These bonds were issued for the high school multi-purpose room and commons area addition/remodel.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2009	2010	2009-2010
Revenue bonds	\$260,000	\$4,830,000	1,857.6%
Total	\$260,000	\$4,830,000	1,857.6%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The certified enrollment count taken in September of 2010 was 589.8. This count represents a 12 student decrease from the prior year. This decrease in students will affect next year's funding. Since the 1998-1999 fiscal year (the highest enrollment year in recent history), Bellevue has lost a total of 131 students. All current projections anticipate this decline to continue. District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation.

- The District will need to negotiate with the teachers union during 2010-2011 for FY12 school year. The District negotiated a 1.96% total package increase for FY11 and received only .14% in new monies. Salary and benefits represent over 80% of general fund expenditures. Settlements in excess of “new money” or allowable growth in state funding will have an adverse effect on the District’s General Fund budget and related fund balance. The district’s unspent balance increased \$400,000. The unspent balance is defined as unspent spending authority; therefore it does not necessarily represent an actual cash balance. It is crucial to note that unspent balance dollars can only be spent once. Dedicating these resources to ongoing costs, such as salaries, would require some other source of revenue or an expenditure adjustment for any subsequent year.
- The district pays 100% of full-family insurance for all full-time certified employees. The health insurance increases in the last two years have been reasonable at 4.45% and 4.5%. It is anticipated that the increase for FY12 will be 2% or less. Health insurance increases in the past have been as high as 20%. Unanticipated high insurance increases after settlement of the union contract could negatively affect the financial health of the District.
- The Board has decided to offer an early retirement incentive for FY11. Six teachers have applied for the incentive which will cost the District’s Management Fund \$138,000. This will allow the District to combine or reduce some of those position or rehire some positions at a lower cost to save money in the General Fund.
- On July 1, 2011 the employer share of IPERS will increase from 6.95% to 8.07%, which will cost the District an additional \$40,000 per year.
- The state requires public schools to bus nonpublic students in their district, but has failed to allocate enough money in the last 9 years to cover the entire cost of nonpublic transportation. Unless legislation increases the nonpublic allotment in the future, the shortages will continue. Over the last 9 years, this district has been shorted over \$120,000 in nonpublic transportation reimbursements with a shortage of \$26,000 in FY10 alone. The district has no other options to recoup those dollars.
- The District has participated in the instructional support levy since 1997-98. For this levy, schools are allowed to levy for up to an additional 10% of their combined regular program district costs, with the state funding 25% and property tax funding 75% of this levy. When the district began this levy, the state was only funding 55% of their portion. In FY11, the state only funded 11% of their portion and federal stimulus dollars were used to fund this much. Over the last 14 years, this has resulted in state dollars lost of over \$731,000. Unless the state allocates more dollars to this levy, their portion will continue to decline and the district losses will increase.
- Bellevue, along with Maquoketa, has entered into a whole-grade sharing agreement with Andrew for the 2011-2012 school year for grades 9-12.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Penny Medinger, District Secretary/Treasurer and Business Manager, Bellevue Community School District, 1601 State Street, Bellevue, Iowa, 52031-9766.

**BASIC
FINANCIAL
STATEMENTS**

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Governmental Activities	Business Type Activities	Total
	-----	-----	-----
Assets			
Cash and cash equivalents	\$ 4,393,354	\$ 46,111	\$ 4,439,465
Receivables:			
Property tax:			
Delinquent	49,872	---	49,872
Succeeding year	2,471,009	---	2,471,009
Income surtax	136,692	---	136,692
Accounts	756	56	812
Due from other governments	281,498	---	281,498
Prepaid expenses	12,068	---	12,068
Deferred debt expense	60,225	---	60,225
Inventories	14,440	6,164	20,604
Capital assets, net of accumulated depreciation	6,895,940	6,323	6,902,263
	-----	-----	-----
Total Assets	\$ 14,315,854	\$ 58,654	\$ 14,374,508
	-----	-----	-----
Liabilities			
Accounts payable	\$ 844,410	\$ ---	\$ 844,410
Salaries and benefits payable	480,500	17,987	498,487
Accrued interest payable	122,629	---	122,629
Due to other governments	30,852	---	30,852
Deferred revenue:			
Succeeding year property tax	2,471,009	---	2,471,009
Other	62,760	3,819	66,579
Long-term liabilities:			
Portion due within one year:			
Early retirement payable	11,822	---	11,822
Capital lease obligation	38,132	---	38,132
Portion due after one year:			
Revenue bonds payable	4,830,000	---	4,830,000
Early retirement payable	1,971	---	1,971
Capital lease obligation	82,226	---	82,226
Net OPEB liability	33,274	626	33,900
	-----	-----	-----
Total Liabilities	\$ 9,009,585	\$ 22,432	\$ 9,032,017
	-----	-----	-----

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Governmental Activities -----	Business Type Activities -----	Total -----
Net Assets			
Invested in capital assets, net of related debt	\$ 3,265,400	\$ 6,323	\$ 3,271,723
Restricted for:			
Categorical funding	163,811	---	163,811
Management levy	206,212	---	206,212
Physical plant and equipment levy	141,092	---	141,092
Other special revenue purposes	88,374	---	88,374
Capital projects	1,396,944	---	1,396,944
Debt payment	504,320	---	504,320
Unrestricted	(459,884)	29,899	(429,985)
	-----	-----	-----
Total Net Assets	\$ 5,306,269	\$ 36,222	\$ 5,342,491
	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental Activities:							
Instruction:							
Regular instruction	\$ 2,403,040	\$ 336,603	\$ 872,957	\$ ---	\$ (1,193,480)	\$ ---	\$ (1,193,480)
Special instruction	741,359	31,141	272,255	---	(437,963)	---	(437,963)
Other instruction	871,972	194,649	8,340	---	(668,983)	---	(668,983)
Total Instruction	\$ 4,016,371	\$ 562,393	\$ 1,153,552	\$ ---	\$ (2,300,426)	\$ ---	\$ (2,300,426)
Support Services:							
Student	\$ 192,043	\$ ---	\$ ---	\$ ---	\$ (192,043)	\$ ---	\$ (192,043)
Instructional staff	225,056	---	12,061	---	(212,995)	---	(212,995)
Administration	621,704	650	---	---	(621,054)	---	(621,054)
Operation and maintenance of plant	526,723	---	1,734	---	(524,989)	---	(524,989)
Transportation	447,179	7,887	72,099	---	(367,193)	---	(367,193)
Total Support Services	\$ 2,012,705	\$ 8,537	\$ 85,894	\$ ---	\$ (1,918,274)	\$ ---	\$ (1,918,274)
Non-instructional Programs	\$ 32,831	\$ ---	\$ ---	\$ ---	\$ (32,831)	\$ ---	\$ (32,831)

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental Activities: (Continued)							
Other Expenditures:							
Facilities acquisition	\$ 526	\$ ---	\$ ---	\$ 11,000	\$ 10,474	\$ ---	\$ 10,474
Long-term debt interest	112,215	---	---	---	(112,215)	---	(112,215)
AEA flowthrough	260,399	---	260,399	---	---	---	---
Depreciation (unallocated)*	3,313	---	---	---	(3,313)	---	(3,313)
Total Other Expenditures	\$ 376,453	\$ ---	\$ 260,399	\$ 11,000	\$ (105,054)	\$ ---	\$ (105,054)
Total Governmental Activities	\$ 6,438,360	\$ 570,930	\$ 1,499,845	\$ 11,000	\$ (4,356,585)	\$ ---	\$ (4,356,585)
Business Type Activities:							
Non-instructional programs:							
Food service operations	253,442	151,327	104,054	---	---	1,939	1,939
Total	\$ 6,691,802	\$ 722,257	\$ 1,603,899	\$ 11,000	\$ (4,356,585)	\$ 1,939	\$ (4,354,646)

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

EXHIBIT "B" (Continued)

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities
Expenses	-----	-----	-----	-----	-----
General Revenues					
Property Tax Levied For:					
General purposes				\$ 2,204,335	\$ ---
Capital outlay				143,367	---
PPEL support surtax				151,642	---
Statewide sales, services and use tax				353,981	---
Unrestricted state grants				1,973,920	---
Unrestricted investment earnings				30,757	641
Other				49,462	---
Loss on disposal of capital assets				(3,664)	---
Total General Revenues				\$ 4,903,800	\$ 641
Change in Net Assets				\$ 547,215	\$ 2,580
Net Assets Beginning of Year				4,759,054	33,642
Net Assets End of Year				\$ 5,306,269	\$ 36,222

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General	Capital Projects	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----
Assets				
Cash and cash equivalents	\$1,322,928	\$2,504,660	\$ 565,766	\$4,393,354
Receivables:				
Property tax:				
Delinquent	43,768	---	6,104	49,872
Succeeding year	2,256,106	---	214,903	2,471,009
Income surtax	---	---	136,692	136,692
Accounts	652	---	104	756
Due from other governments	167,311	114,187	---	281,498
Prepaid expenses	11,083	---	985	12,068
Inventories	14,440	---	---	14,440
	-----	-----	-----	-----
Total Assets	\$3,816,288	\$2,618,847	\$ 924,554	\$7,359,689
	=====	=====	=====	=====
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 5,837	\$ 838,573	\$ ---	\$ 844,410
Salaries & benefits payable	478,002	---	2,498	480,500
Accrued interest payable	---	---	120,990	120,990
Due to other governments	30,852	---	---	30,852
Deferred revenue:				
Succeeding year property tax	2,256,106	---	214,903	2,471,009
Income surtax	---	---	136,692	136,692
Other	62,760	---	---	62,760
	-----	-----	-----	-----
Total Liabilities	\$2,833,557	\$ 838,573	\$ 475,083	\$4,147,213
	-----	-----	-----	-----
Fund Balances:				
Reserved for:				
Inventories	\$ 14,440	\$ ---	\$ ---	\$ 14,440
Prepaid expenses	11,083	---	985	12,068
Categorical funding	163,811	---	---	163,811
Debt Service	---	383,330	---	383,330
Unreserved	793,397	1,396,944	448,486	2,638,827
	-----	-----	-----	-----
Total Fund Balances	\$ 982,731	\$1,780,274	\$ 449,471	\$3,212,476
	-----	-----	-----	-----
Total Liabilities and Fund Balances	\$3,816,288	\$2,618,847	\$ 924,554	\$7,359,689
	=====	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Total fund balances of governmental funds	\$ 3,212,476
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets of \$11,173,814, net of accumulated depreciation of (\$4,277,874) are not financial resources and, therefore, are not reported in the funds.	6,895,940
Income surtaxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	136,692
Long-term liabilities of (\$4,997,425) are not due and payable in the current period and are not reported in the funds. Other related amounts include deferred debt expense of \$60,225, bond interest payable of (\$1,639).	(4,938,839)
Net assets of governmental activities	\$ <u>5,306,269</u>

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	General	Capital Projects	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----
Revenues				
Local sources:				
Local tax	\$2,054,367	\$ 353,981	\$ 435,814	\$2,844,162
Tuition	330,040	---	---	330,040
Other	100,739	13,228	197,070	311,037
Intermediate sources	9,778	---	---	9,778
State sources	2,911,076	---	269	2,911,345
Federal sources	573,561	---	153	573,714
	-----	-----	-----	-----
Total Revenues	\$5,979,561	\$ 367,209	\$ 633,306	\$6,980,076
	-----	-----	-----	-----
Expenditures				
Current:				
Instruction:				
Regular instruction	\$2,307,460	\$ 179,814	\$ 103,801	\$2,591,075
Special instruction	781,723	---	---	781,723
Other instruction	703,398	---	172,246	875,644
	-----	-----	-----	-----
Total Instruction	\$3,792,581	\$ 179,814	\$ 276,047	\$4,248,442
	-----	-----	-----	-----
Support Services:				
Student	\$ 189,910	\$ ---	\$ 424	\$ 190,334
Instructional staff	214,118	---	285	214,403
Administration	609,334	---	19,637	628,971
Operation and maintenance of plant	417,123	---	51,579	468,702
Transportation	393,808	---	25,092	418,900
	-----	-----	-----	-----
Total Support Services	\$1,824,293	\$ ---	\$ 97,017	\$1,921,310
	-----	-----	-----	-----
Non-instruction Programs	\$ ---	\$ ---	\$ 32,831	\$ 32,831
	-----	-----	-----	-----
Other Expenditures:				
Facilities acquisition	\$ ---	\$3,510,182	\$ 296,830	\$3,807,012
Long-term debt:				
Principal	---	---	304,298	304,298
Interest and fiscal charges	---	---	123,584	123,584
AEA flowthrough	260,399	---	---	260,399
	-----	-----	-----	-----
Total Other Expenditures	\$ 260,399	\$3,510,182	\$ 724,712	\$4,495,293
	-----	-----	-----	-----

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	General	Capital Projects	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----
Expenditures (Continued)				
Total Expenditures	\$ 5,877,273	\$ 3,689,996	\$ 1,130,607	\$10,697,876
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 102,288	\$(3,322,787)	\$ (497,301)	\$(3,717,800)
	-----	-----	-----	-----
Other Financing Sources (Uses)				
Operating transfers in	\$ ---	\$ ---	\$ 427,882	\$ 427,882
Operating transfers out	---	(427,882)	---	(427,882)
Revenue bonds issued	---	4,830,000	---	4,830,000
Capital lease financing	---	164,656	---	164,656
Accrued interest – revenue bonds	---	11,595	---	11,595
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ ---	\$ 4,578,369	\$ 427,882	\$ 5,006,251
	-----	-----	-----	-----
Net Change in Fund Balances	\$ 102,288	\$ 1,255,582	\$ (69,419)	\$ 1,288,451
	-----	-----	-----	-----
Fund Balances Beginning of Year	880,443	524,692	518,890	1,924,025
	-----	-----	-----	-----
Fund Balances End of Year	\$ 982,731	\$ 1,780,274	\$ 449,471	\$ 3,212,476
	=====	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

Net change in fund balances - total governmental funds **\$ 1,288,451**

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$4,203,000 exceeded depreciation of (\$297,395) in the current period. 3,905,605

The proceeds of debt issuances provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt proceeds of (\$4,830,000), less issuance costs of \$63,236, exceeded repayments of \$0. (4,766,764)

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. (3,664)

Because income surtaxes will not be collected for several months after the district's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year. 9,163

Current year long-term debt principal payments reported as expenditures in the governmental fund financial statements are shown as reduction in long-term debt in the government-wide financial statements. 304,298

EXHIBIT "F" (Continued)

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

The governmental fund financial statements reflect bond issuance costs as an expenditure and premiums on debt issuance as a component of other financing sources. The government-wide financial statements present the unamortized amount of bond issuance cost and premium on bond issuances as an asset and liability, respectively, net of amortization. This amount represents the current year amortization of these long-term debt related costs.

(4,039)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net decrease in early retirement payable of \$12,936 and net increase in other post employment benefits of \$(33,274), the net increase in accrued interest of \$(841), and the net increase in the capital lease payable of \$(164,656).

(185,835)

Change in net assets of governmental activities

\$ 547,215

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010**

	School Nutrition

Assets	
Cash and cash equivalents	\$ 46,111
Accounts receivable	56
Inventories	6,164
Capital assets, net of accumulated depreciation	6,323

Total Assets	\$ 58,654

Liabilities	
Salaries and benefits payable	\$ 17,987
Deferred revenue - other	3,819
Net OPEB liability	626

Total Liabilities	\$ 22,432

Net Assets	
Invested in capital assets, net of related debt	\$ 6,323
Unrestricted	29,899

Total Net Assets	\$ 36,222
	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010**

	School Nutrition -----
Operating Revenue	
Local sources:	
Charges for services	\$ 151,327 -----
Operating Expenses	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	\$ 104,638
Benefits	20,280
Purchased services	3,613
Supplies	123,834
Depreciation	1,077 -----
Total Operating Expenses	\$ 253,442 -----
Operating Loss	\$ (102,115) -----
Non-operating Revenue	
State sources	\$ 2,760
Federal sources	101,294
Interest income	641 -----
Total Non-operating Revenue	\$ 104,695 -----
Net Income	\$ 2,580
Net Assets Beginning of Year	33,642 -----
Net Assets End of Year	\$ 36,222 =====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010**

	School Nutrition
Cash Flows From Operating Activities	-----
Cash received from sale of lunches and breakfasts	\$ 151,161
Cash paid to employees for services	(120,723)
Cash paid to suppliers for goods and services	(110,134)

Net Cash Used by Operating Activities	\$ (79,696)

Cash Flows From Non-Capital Financing Activities	
State grants received	\$ 2,760
Federal grants received	82,814

Net Cash Provided by Non-Capital Financing Activities	\$ 85,574

Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	\$ (2,150)

Cash Flows From Investing Activities	
Interest on investments	\$ 641

Net Increase in Cash and Cash Equivalents	\$ 4,369
Cash and Cash Equivalents Beginning of Year	41,742

Cash and Cash Equivalents End of Year	\$ 46,111
	=====
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (102,115)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	18,480
Depreciation	1,077
Increase in inventories	(1,167)
Increase in accounts receivable	(42)
Increase in salaries and benefits payable	4,195
Decrease in unearned revenues	(124)

Net Cash Used In Operating Activities	\$ (79,696)
	=====

Non-Cash Investing, Capital and Financing Activities

During the year ended June 30, 2010, the District received \$18,480 of federal commodities.
See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010**

	Private Purpose Trust Scholarship	Agency
	-----	-----
Assets:		
Cash and pooled investments	\$ 1,508	\$ 2,508
Accounts receivable	---	6,439
	-----	-----
Total Assets	\$ 1,508	\$ 8,947
	-----	-----
Liabilities		
Due to other governments	\$ ---	\$ 3,704
Bank overdrafts	---	5,243
	-----	-----
Total Liabilities	\$ ---	\$ 8,947
	-----	-----
Net Assets:		
Reserved for scholarships	\$ 1,508	\$ ---
	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2010**

	Private Purpose Trust Scholarship -----
Additions:	
Local sources:	
Gifts and contributions	\$ 5,000 -----
Deductions:	
Support services:	
Scholarships awarded	4,250 -----
Change in Net Assets	\$ 750
Net Assets Beginning of Year	758 -----
Net Assets End of Year	\$ 1,508 =====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 - Summary of Significant Accounting Policies:

The Bellevue Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Bellevue, Iowa, and the predominate agricultural territory in Jackson County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Bellevue Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Bellevue Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Jackson County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of Capital facilities.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organization and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statements of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2008, assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	All
Buildings	\$ 500
Improvements other than buildings	500
Furniture and Equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-7 years

Intergovernmental Payables - Intergovernmental payables represents amounts due to other governmental units for various purposes such as supplies, utilities, and Pre-school Special Education.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, income surtax and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently no liability at June 30, 2010 has been accrued.

Long-term Obligations, Deferred Debt Expense, and Bond Discounts/Premiums - In the government-wide and proprietary financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs and bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 - Summary of Significant Accounting Policies: (Continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, expenditures did not exceed the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Pooled Investments:

The District's deposits in banks at June 30, 2010, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk - The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the district.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 3 - Interfund Transfers:

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to -----	Transfer from -----	Amount -----
Debt service	Capital projects	\$ 427,882

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 4 - Categorical Funding:

The District's reserved fund balance for categorical funding at June 30, 2010 is comprised of the following programs:

Programs -----	Amount -----
Teacher mentoring and induction program	\$ 575
Early intervention block grant	1,583
Salary improvement plan	34,886
Nonpublic textbook services	416
State decategorization grant	1,000
Voluntary preschool program	41,613
Professional development for model core curriculum	18,562
Educator quality, market factor incentives	6,745
Professional development	9,781
Gifted and talented	33,548
Drop out prevention program	15,102

	\$ 163,811
	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 5 - Capital Assets:

Capital assets activity for the year ended June 30, 2010, was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 29,200	\$ ---	\$ ---	\$ 29,200
Construction in progress	---	3,442,948	---	3,442,948
	-----	-----	-----	-----
Total Capital Assets Not Being Depreciated	\$ 29,200	\$ 3,442,948	\$ ---	\$ 3,472,148
	=====	=====	=====	=====
Capital assets being depreciated:				
Buildings	\$ 3,825,365	\$ 137,258	\$ 9,900	\$ 3,952,723
Improvements other than buildings	524,316	198,783	---	723,099
Furniture and equipment	2,670,119	424,011	68,286	3,025,844
	-----	-----	-----	-----
Total Capital Assets Being Depreciated	\$ 7,019,800	\$ 760,052	\$ 78,186	\$ 7,701,666
	-----	-----	-----	-----
Less Accumulated depreciation for:				
Buildings	\$ 1,846,187	\$ 74,369	\$ 6,387	\$ 1,914,169
Improvements other than buildings	261,699	22,365	---	284,064
Furniture and equipment	1,947,115	200,661	68,135	2,079,641
	-----	-----	-----	-----
Total Accumulated Depreciation	\$ 4,055,001	\$ 297,395	\$ 74,522	\$ 4,277,874
	-----	-----	-----	-----
Total Capital Assets Being Depreciated, Net	\$ 2,964,799	\$ 462,657	\$ 3,664	\$ 3,423,792
	-----	-----	-----	-----
Governmental Activities Capital Assets, Net	\$ 2,993,999	\$ 3,905,605	\$ 3,664	\$ 6,895,940
	=====	=====	=====	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 5 - Capital Assets: (Continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
Business Type Activities:				
Furniture and equipment	\$ 12,254	\$ 2,150	\$ ---	\$ 14,404
Less accumulated depreciation	7,004	1,077	---	8,081
	-----	-----	-----	-----
Business Type Activities Capital Assets, Net	\$ 5,250	\$ 1,073	\$ ---	\$ 6,323
	=====	=====	=====	=====

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular instruction	\$ 49,836
Special instruction	32,319
Other instruction	2,525

Support services:

Student support	140
Instructional staff support	10,025
Administration	1,902
Operation and maintenance of plant	56,848
Transportation	81,251
Facilities acquisition and construction	59,236
Unallocated	3,313

Total Depreciation Expense - Governmental Activities	\$ 297,395
--	------------

Business type activities:

Food service operations	\$ 1,077
-------------------------	----------

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 6 - Long-Term Liabilities:

Changes in long-term liabilities for the year ended June 30, 2010, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	-----	-----	-----	-----	-----
Governmental Activities:					
Revenue bonds	\$ 260,000	\$ 4,830,000	\$ 260,000	\$ 4,830,000	\$ ---
Capital Lease Obligation	---	164,656	44,298	120,358	38,132
Early retirement	26,729	---	12,936	13,793	11,822
Net OPEB liability	---	33,274	---	33,274	---
	-----	-----	-----	-----	-----
Total	\$ 286,729	\$ 5,027,930	\$ 317,234	\$ 4,997,425	\$ 49,954
	=====	=====	=====	=====	=====
Business Type Activities:					
Net OPEB liability	\$ ---	\$ 626	\$ ---	\$ 626	\$ ---
	=====	=====	=====	=====	=====

Revenue Bonds Payable

Details of the District's June 30, 2010, local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30	Interest Rates	Principal	Interest	Total
-----	-----	-----	-----	-----
2011	1.50%	\$ ---	\$ 211,733	\$ 211,733
2012	2.00%	155,000	180,322	335,322
2013	2.25%	160,000	177,560	337,560
2014	2.50%	200,000	173,710	373,710
2015	2.75%	200,000	168,960	368,960
2016 - 2030	3.00 - 4.70%	4,115,000	1,473,013	5,588,013
		-----	-----	-----
Total		\$4,830,000	\$2,385,298	\$7,215,298
		=====	=====	=====

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 6 - Long-Term Liabilities: (Continued)

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- (a) Interest on the July Bonds is payable on July 1 and January 1 in each year beginning July 1, 2010, to the registered owners thereof. The Bonds will mature serially on July 1. Bonds maturing after July 1, 2021, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot, at par plus accrued interest to date of call.
- (b) The Bond Resolution establishes a Project Fund (the "Project Fund") into which the net Bond proceeds shall be deposited. Moneys in the Project Fund shall be used for the purpose of aiding in the financing of the Project, and shall also be available for the payment of the principal of or interest on the Bonds at any time that other funds of the Project shall be insufficient for that purpose. Any Project Fund moneys used to pay debt service on the Bonds shall be repaid to the Project Fund at the earliest opportunity.
- (c) The Bond Resolution also establishes the Local Option Sales and Services Tax Revenue Fund (the "Revenue Fund"), into which shall be deposited all local option sales taxes when received from the State. Moneys in the Revenue Fund shall be disbursed to the following funds and accounts in the following order of priority.
- (d) Interest and principal on the Bonds (and any Parity Obligations, as defined below) will be paid from the Sinking Fund (the "Sinking Fund"). The amount to be deposited in the Sinking Fund shall be equal to the amount of principal and interest coming due on the Bonds, and any other obligations payable from the Sales Services and Use Tax revenues on a parity with the Bonds ("Parity Obligations") during the fiscal year and shall be used solely for the purpose of paying debt service on the Bonds and any Parity Obligations.
- (e) The Bonds are secured by the Reserve Fund established under the Bond Resolution which Reserve Fund will be funded from proceeds of the Bonds. So long as any Bonds are outstanding, the Issuer is required to maintain an amount on deposit in the Reserve Fund equal to the lesser of (a) the sum of 10% of the proceeds of the Bonds; (b) 125% of the average annual debt service on such Bonds and (c) the maximum annual debt service on such Bonds (the "Reserve Fund Requirement").

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 6 - Long-Term Liabilities: (Continued)

The District did comply with all of the provisions during the year ended June 30, 2010. The amounts required for the Sinking Fund and Reserve Fund are accounted for in the Capital Projects Fund.

Early Retirement

The District offers the following early retirement plans to its employees.

Administration - Eligible employees must be at least age fifty-eight and must have completed fifteen years of administrative service or a combination of twenty-five years of teaching and administrative service with at least the final five years of said service in administration. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 40% of the administrator's salary at the time of employment. The District will provide health insurance from age 58 to 65, or until the retiree becomes insured through another plan. Early retirement benefits paid to administrators during the year ended June 30, 2010 totaled \$11,313.

Teachers - Eligible employees must be at least age fifty-five and must have completed twenty years of full time employment, or its equivalence. Employees must complete a written application which is required to be approved by the Board of Education. The early retirement incentive for each eligible teacher is equal to 150% of substitute pay multiplied by 30 days of unused sick leave. No early retirement benefits paid to teachers during the year ended June 30, 2010.

Non-certified - Eligible employees must be at least age fifty-five and must have completed twenty years of full-time continuous service. Employees must complete an application for early retirement. The early retirement incentive is equal to an amount representing fifty days of pay at the employee's rate of pay at the time of retirement. No early retirement benefits paid to noncertified employees during the year ended June 30, 2010.

Lease Payable - The District entered into a lease agreement for laptop computers totaling \$164,656. Accumulated amortization as of June 30, 2010 was \$20,478. Future lease payments including interest at 5.123% are summarized as follows:

Year Ended June 30 -----	
2011	\$ 44,298
2012	44,298
2013	44,298

	\$ 132,894
	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 7 - Pension and Retirement Benefits:

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.30% of their annual salary and the District is required to contribute 6.65% of annual covered payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008, were \$235,944, \$234,680, and \$217,772, respectively, equal to the required contributions for each year.

Note 8 - Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits to retirees and their spouses. There are 54 active and 8 retired members of the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 8 - Other Postemployment Benefits (OPEB): (Continued)

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$33,900
Interest on net OPEB obligation	---
Adjustment to annual required contribution	---
Annual OPEB cost	\$33,900
Contributions made	---
Increase in net OPEB obligation	\$33,900
Net OPEB obligation beginning of year	---
Net OPEB obligation end of year	\$33,900
	=====

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$0.00 to the medical plan. Plan members eligible for benefits contributed \$40,100, or 100% of the premium costs.

The District's annually OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 33,900	---%	\$ 33,900

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 8 - Other Postemployment Benefits (OPEB): (Continued)

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$342,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$342,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,564,000 and the ratio of the UAAL to covered payroll was 9.6%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.50% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The UAAL is being amortized as a level dollar on a closed basis over 30 years.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 9 - Risk Management:

Bellevue Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10 - Area Education Agency:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$260,399 for the year ended June 30, 2010, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11 - Contingency:

Early Retirement - As of June 30, 2010, several District employees met the eligibility criteria for early retirement but did not request it. Therefore, no liability was recorded for those individuals. The District's unrecorded contingent liability for early retirement is approximately \$206,066 as of June 30, 2010.

Note 12 - Other Matters:

In January 2003, the District entered into an agreement with a soft drink company in which the District agreed to purchase beverages exclusively from this company. In return, the soft drink company provided the District with two outdoor scoreboards. The agreement is for ten years commencing on January 31, 2003, and continues through January 30, 2013. In the event the soft drink company is not the exclusive provider of beverages to the District, the District would be required to reimburse the soft drink company for a percentage of the scoreboards.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 13 - Construction in Progress:

The District has entered into contracts totaling \$4,257,603 for an addition to the middle school and high school. As of June 30, 2010, costs of \$3,214,959 had been incurred against the contract. The remaining amount will be paid as work on the project progresses.

Note 14 - Subsequent Events:

Subsequent to June 30, 2010, the District installed an alarm system for \$25,000 and a sprinkler system for \$65,000 in the middle school and high school.

Subsequent events have been evaluated by management through March 18, 2011, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
-----	-----	-----	-----	-----	-----	-----
July 1, 2009	\$ ---	\$ 342,000	\$ 342,000	0.0%	\$3,564,000	9.6%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and net OPEB Obligation, funded status and funding progress.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES - BUDGET AND ACTUAL -
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010**

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues						
Local sources	\$ 3,485,239	\$ 151,968	\$ 3,637,207	\$ 3,708,168	\$ 3,708,168	\$ (70,961)
Intermediate sources	9,778	---	9,778	1,931	1,931	7,847
State sources	2,911,345	2,760	2,914,105	3,678,659	3,678,659	(764,554)
Federal sources	573,714	101,294	675,008	368,851	368,851	306,157
Total Revenues	\$ 6,980,076	\$ 256,022	\$ 7,236,098	\$ 7,757,609	\$ 7,757,609	\$ (521,511)
Expenditures						
Instruction	\$ 4,248,442	\$ ---	\$ 4,248,442	\$ 5,302,079	\$ 5,302,079	\$ 1,053,637
Support services	1,921,310	---	1,921,310	2,686,989	2,686,989	765,679
Non-instructional programs	32,831	253,442	286,273	336,940	336,940	50,667
Other expenditures	4,495,293	---	4,495,293	1,511,194	6,511,194	2,015,901
Total Expenditures	\$10,697,876	\$ 253,442	\$10,951,318	\$ 9,837,202	\$14,837,202	\$ 3,885,884
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,717,800)	\$ 2,580	\$ (3,715,220)	\$ (2,079,593)	\$ (7,079,593)	\$ 3,364,373
Other Financing Sources, Net	5,006,251	---	5,006,251	---	---	5,006,251
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 1,288,451	\$ 2,580	\$ 1,291,031	\$ (2,079,593)	\$ (7,079,593)	\$ 8,370,624
Balances Beginning of Year	1,924,025	33,642	1,957,667	2,079,593	2,079,593	(121,926)
Balances End of Year	\$ 3,212,476	\$ 36,222	\$ 3,248,698	\$ ---	\$ (5,000,000)	\$ 8,248,698

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
- BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2010**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund that may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$5,000,000.

During the year ended June 30, 2010, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

**OTHER
SUPPLEMENTARY
INFORMATION**

SCHEDULE "1"

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Special Revenue Funds				
	Student Activity	Management	Physical Plant and Equipment Levy	Debt Service	Total
Assets					
Cash and pooled investments	\$ 88,374	\$ 218,323	\$ 138,079	\$ 120,990	\$ 565,766
Receivables:					
Property tax:					
Delinquent	---	3,195	2,909	---	6,104
Succeeding year	---	50,000	164,903	---	214,903
Income surtax	---	---	136,692	---	136,692
Accounts	---	---	104	---	104
Prepaid expenses	---	985	---	---	985
Total Assets	<u>\$ 88,374</u>	<u>\$ 272,503</u>	<u>\$ 442,687</u>	<u>\$ 120,990</u>	<u>\$ 924,554</u>
Liabilities and Fund Balances					
Liabilities:					
Wages & benefits payable	\$ ---	\$ 2,498	\$ ---	\$ ---	\$ 2,498
Accrued interest payable	---	---	---	120,990	120,990
Deferred revenue:					
Succeeding year property tax	---	50,000	164,903	---	214,903
Income surtax	---	---	136,692	---	136,692
Total Liabilities	<u>\$ ---</u>	<u>\$ 52,498</u>	<u>\$ 301,595</u>	<u>\$ 120,990</u>	<u>\$ 475,083</u>
Fund Balances:					
Reserved for:					
Prepaid expenses	\$ ---	\$ 985	\$ ---	\$ ---	\$ 985
Unreserved	88,374	219,020	141,092	---	448,486
Total Fund Balances	<u>\$ 88,374</u>	<u>\$ 220,005</u>	<u>\$ 141,092</u>	<u>\$ ---</u>	<u>\$ 449,471</u>
Total Liabilities and Fund Balances	<u>\$ 88,374</u>	<u>\$ 272,503</u>	<u>\$ 442,687</u>	<u>\$ 120,990</u>	<u>\$ 924,554</u>

See accompanying independent auditor's report.

SCHEDULE "2"

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds				
	Student Activity	Management	Physical Plant and Equipment Levy	Debt Service	Total
Revenues					
Local Sources:					
Local tax	\$ ---	\$ 149,968	\$ 285,846	\$ ---	\$ 435,814
Other	173,957	15,270	7,843	---	197,070
State sources	---	138	131	---	269
Federal sources	---	81	72	---	153
Total Revenues	\$ 173,957	\$ 165,457	\$ 293,892	\$ ---	\$ 633,306
Expenditures					
Current:					
Instruction:					
Regular instruction	\$ ---	\$ 34,075	\$ 69,726	\$ ---	\$ 103,801
Other instruction	172,246	---	---	---	172,246
Total Instruction	\$ 172,246	\$ 34,075	\$ 69,726	\$ ---	\$ 276,047
Support Services:					
Student	\$ ---	\$ 424	\$ ---	\$ ---	\$ 424
Instructional staff	---	285	---	---	285
Administration	---	19,637	---	---	19,637
Operation and maintenance of plant	---	50,242	1,337	---	51,579
Transportation	---	25,092	---	---	25,092
Total Support Services	\$ ---	\$ 95,680	\$ 1,337	\$ ---	\$ 97,017
Non-instructional Programs	\$ ---	\$ 4,679	\$ 28,152	\$ ---	\$ 32,831
Other Expenditures:					
Facilities acquisition	\$ ---	\$ ---	\$ 296,830	\$ ---	\$ 296,830
Long-term debt:					
Principal	---	---	---	304,298	304,298
Interest and fiscal charges	---	---	---	123,584	123,584
Total Other Expenditures	\$ ---	\$ ---	\$ 296,830	\$ 427,882	\$ 724,712

See accompanying independent auditor's report.

SCHEDULE "2" (Continued)

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds				
	Student Activity	Management	Physical Plant and Equipment Levy	Debt Service	Total
Expenditures (Continued)					
Total Expenditures	\$ 172,246	\$ 134,434	\$ 396,045	\$ 427,882	\$1,130,607
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,711	\$ 31,023	\$ (102,153)	\$ (427,882)	\$ (497,301)
Other Financing Sources (Uses)					
Operating transfers in	\$ ---	\$ ---	\$ ---	\$ 427,882	\$ 427,882
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 1,711	\$ 31,023	\$ (102,153)	\$ ---	\$ (69,419)
Fund Balances Beginning of Year	86,663	188,982	243,245	---	518,890
Fund Balances End of Year	\$ 88,374	\$ 220,005	\$ 141,092	\$ ---	\$ 449,471

See accompanying independent auditor's report.

SCHEDULE "3"

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND,
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2010**

	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Interfund Transfers	Balance End of Year
	-----	-----	-----	-----	-----	-----
JH/SR Athletics	\$ 12,019	\$ 54,264	\$ 44,626	\$ 196	\$ ---	\$ 21,853
Pep Club	1,794	---	67	18	---	1,745
JH SADD	356	---	---	4	---	360
HS SADD	71	---	---	1	---	72
Cheerleading	1,469	19,766	21,069	13	---	179
Spanish Club	4,501	3,188	1,755	49	---	5,983
Musical/Play	5,040	1,974	809	58	---	6,263
Letterman's Club	693	199	198	7	---	701
Boys' Basketball	775	7,180	6,273	9	---	1,691
FFA	2,819	1,046	3,212	17	---	670
Volleyball	(123)	3,339	2,795	---	---	421
Dance Team	6,003	8,698	8,317	49	---	6,433
FBLA	80	10,440	10,354	9	---	175
Elementary	10,679	601	1,163	108	---	10,225
Preschool	1,028	291	155	10	---	1,174
Band	2,975	---	---	30	---	3,005
Vocal	764	---	---	7	---	771
Color Guard	346	700	498	5	---	553
Band resale	(3,325)	785	478	---	---	(3,018)
Music Boosters	26,257	9,131	17,947	221	---	17,662
Class of 2010	1,988	390	2,378	---	---	---
Class of 2011	1,385	8,073	8,202	27	---	1,283
Class of 2012	305	1,440	533	10	---	1,222
Class of 2013	---	2,024	976	7	---	1,055
HS Yearbook	(228)	5,531	5,225	---	---	78
JH Yearbook	1,826	475	423	18	---	1,896
HS Student Council	4,019	28,657	29,803	46	---	2,919
JH Student Council	3,147	4,609	4,788	35	---	3,003
Interest	---	965	11	(954)	---	---
Concessions	---	191	191	---	---	---
	-----	-----	-----	-----	-----	-----
Total	\$ 86,663	\$ 173,957	\$ 172,246	\$ ---	---	\$ 88,374
	=====	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

SCHEDULE "4"

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
YEAR ENDED JUNE 30, 2010**

	Balance Beginning of Year -----	Additions -----	Deductions -----	Balance End of Year -----
Assets				
Cash and deposits	\$ 4,617	\$ ---	\$ 2,109	\$ 2,508
Accounts receivable	6,850	---	411	6,439
	-----	-----	-----	-----
Total	\$ 11,467	\$ ---	\$ 2,520	\$ 8,947
	=====	=====	=====	=====
Liabilities				
Payable to others	\$ 11,467	\$ ---	\$ 2,520	\$ 8,947
	=====	=====	=====	=====

See accompanying independent auditor's report.

SCHEDULE "5"

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS**

	Modified Accrual Basis							
	2010	2009	2008	2007	2006	2005	2004	2003
Revenues								
Local Sources:								
Local tax	\$ 2,844,162	\$ 2,703,540	\$ 2,531,049	\$ 2,389,620	\$ 2,313,586	\$ 2,159,390	\$ 2,269,904	\$ 1,920,881
Tuition	330,040	335,167	330,321	283,742	252,472	230,006	199,156	207,804
Other	311,037	320,983	310,493	330,782	384,018	316,851	285,445	272,448
Intermediate sources	9,778	2,253	7,392	3,584	819	2,869	2,422	4,046
State sources	2,911,345	3,344,716	3,246,496	3,040,874	2,953,440	2,845,615	2,657,970	2,826,425
Federal sources	573,714	291,614	186,057	182,353	217,658	272,128	293,914	245,145
Total	\$ 6,980,076	\$ 6,998,273	\$ 6,611,808	\$ 6,230,955	\$ 6,121,993	\$ 5,826,859	\$ 5,708,811	\$ 5,476,749

SCHEDULE "5" CONTINUED

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS**

	Modified Accrual Basis							
	2010	2009	2008	2007	2006	2005	2004	2003
<hr/>								
Expenditures								
Instruction:								
Regular instruction	\$ 2,591,075	\$ 2,581,411	\$ 2,547,455	\$ 2,414,925	\$ 2,195,795	\$ 2,153,251	\$ 2,144,939	\$ 2,074,235
Special instruction	781,723	787,638	772,229	692,832	719,410	581,232	675,876	695,963
Other instruction	875,644	758,712	762,866	716,904	624,042	655,629	542,372	512,655
Support Services:								
Student	190,334	145,866	152,135	138,638	128,072	121,377	107,197	101,766
Instructional staff	214,403	227,242	219,405	247,715	271,116	209,344	224,553	200,120
Administration	628,971	646,094	653,708	678,779	614,044	572,193	528,566	522,703
Operation and maintenance of plant	468,702	486,124	500,982	476,967	485,668	438,897	408,172	390,310
Transportation	418,900	424,730	539,029	530,539	393,797	481,302	430,656	373,646
Central Support	---	---	---	---	---	---	---	1,077
Non-instructional programs	32,831	5,276	5,312	4,596	5,731	3,622	2,508	2,300
Other Expenditures:								
Facilities acquisition	3,807,012	268,372	180,051	466,029	329,771	383,790	74,350	266,562
Long-term debt:								
Principal	304,298	80,000	75,000	75,000	70,000	65,000	60,000	50,000
Interest and other charges	123,584	13,475	16,381	19,288	22,000	24,519	26,844	35,977
AEA flowthrough	260,399	244,209	233,130	222,197	212,209	205,319	201,473	216,669
	-----	-----	-----	-----	-----	-----	-----	-----
	\$ 10,697,876	\$ 6,669,149	\$ 6,657,683	\$ 6,684,409	\$ 6,071,655	\$ 5,895,475	\$ 5,427,506	\$ 5,443,983
	=====	=====	=====	=====	=====	=====	=====	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010**

Grantor/Program	CFDA Number	Grant Number	Expenditures
<hr/>			
Indirect Programs:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY10	\$ 8,798
National School Lunch Program	10.555	FY10	65,423
National School Lunch Program - USDA Commodities (noncash)	10.555	FY10	18,480
			<hr/> \$ 92,701 <hr/>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY10	\$ 45,313
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY10	13,156
			<hr/> \$ 58,469 <hr/>
Career and Technical Education – Basic Grants to States	84.048	FY10	6,780
ARRA - Special Education Grants to States, Recovery Act	84.391	FY10	85,087*
ARRA - State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act	84.394	FY10	284,134
Safe and Drug Free Schools and Community - National Programs	84.184	FY10	4,549
Safe and Drug Free Schools and Communities - State Grants	84.186	FY10	649
State Assessment	84.369	FY10	4,017
Mississippi Bend Education Agency:			
Special Education - Grants to States	84.027	FY10	19,449*
			<hr/> \$ 463,134 <hr/>

See accompanying independent auditor's report.

SCHEDULE "6" (Continued)

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010**

Grantor/Program -----	CFDA Number -----	Grant Number -----	Expenditures -----
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Medical Assistance Program	93.778	FY10	49,668
Secondary Education and Transitional Services for Youth With Disabilities	84.158	FY10	7,842

			\$ 57,510

Total			\$ 613,345
			=====

* - Total for Special Education Cluster (IDEA) is \$104,536.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Bellevue Community School District and is presented on the accrual basis. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
Bellevue Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Bellevue Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 18, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our report included a disclaimer of opinion on the required supplementary information including Management's Discussion and Analysis.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bellevue Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Bellevue Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bellevue Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Bellevue Community School District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 and II-B-10 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bellevue Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Bellevue Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Bellevue Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the Bellevue Community School District and other parties to whom the District may report, including federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Bellevue Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks & Co., P.C.

Dubuque, Iowa
March 18, 2011

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education of the
Bellevue County Community School District

Compliance

We have audited the compliance of Bellevue Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Bellevue Community School District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Bellevue Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Bellevue Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we have identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-10 to be a material weakness.

Bellevue Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit the District's responses and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Bellevue Community School District and other parties to whom Bellevue Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks & Co., P.C.

Dubuque, Iowa
March 18, 2011

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Part I: Summary of Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements.
- b) Two material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:
 - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
 - Title I, Part A Cluster Programs:
 - CFDA Number 84.010 - Title I Grants to Local Education Agencies
 - CFDA Number 84.389 – ARRA – Title I Grants to Local Education Agencies, Recovery Act
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Bellevue Community School District did not qualify as a low-risk auditee.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

MATERIAL WEAKNESSES:

II-A-10 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the board secretary performs substantially all of the significant accounting functions.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. We recommend that the bank statements continue to be delivered directly to the Superintendent for review before being given to the secretary for reconciliation. The District should also continue to review its operating procedures to obtain the maximum internal accounting control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

II-B-10 Adjusting Journal Entries - Material adjustments were made to represent a fair presentation of the District's financial statements at June 30, 2010. Adjustments were made to fixed asset accounts and to correct interest expense that was improperly recorded.

Recommendation - We recommend the District implement procedures to reasonably assure that account balances are fairly stated.

Response - We will consider this.

Conclusion - Response accepted.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

MATERIAL WEAKNESS:

CFDA Number 84.394--ARRA--State Fiscal Stabilization Fund (SFSF) -- Education
State Grants, Recovery Act.
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 84.010 – Title I Grants to Local Education Agencies
CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies,
Recovery Act.
State Grants
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-10 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the board secretary performs substantially all of the significant accounting functions.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. We recommend that the bank statements continue to be delivered directly to the Superintendent for review before being given to the secretary for reconciliation. The District should also continue to review its operating procedures to obtain the maximum internal accounting control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-10 Certified Budget - Disbursements for the year ended June 30, 2010, did not exceed the amount budgeted.
- IV-B-10 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-10 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-10 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-10 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-10 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- IV-G-10 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-10 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Part IV: Other Findings Related to Statutory Reporting: (Continued)

IV-I-10 Certified Annual Report - The Certified Annual Report was certified to the Department of Education timely, however, we noted that the ending fund balance reported on the Certified Annual Report and the financial statements differ in the Debt Service Fund by \$120,990.

Recommendation – The District should accurately report ending fund balances on the Certified Annual Report.

Response – We will correct this balance on the 2011 Certified Annual Report.

Conclusion – Response accepted.

IV-J-10 Student Activity Fund - The Student Activity Fund had one account with a deficit balance at June 30, 2010.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate any deficits.

Response - We will continue to monitor these accounts.

Conclusion - Response accepted.

IV-K-10 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Part VI: Other Findings Related to Statutory Reporting: (Continued)

IV-L-10 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance		\$ 524,692
Statewide sales and services tax revenue		353,981
Other		13,228

		\$ 891,901
Other sources:		
Issuance of refunding revenue bonds		4,830,000
Capital lease financing		164,656
Accrued interest on refunding revenue bonds		11,595

		\$ 5,898,152
Expenditures/transfers out:		
School infrastructure:		
Construction in Progress	\$ 3,371,296	
Equipment	179,814	
Other improvements	138,886	
Debt service for school infrastructure:		
Revenue debt	427,882	4,117,878
	-----	-----
Ending balance		\$ 1,780,274
		=====

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
	-----	-----
Debt service levy	\$ 1.933	\$ 353,981

IV-M-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.